

Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended.

Local Government Type <input type="checkbox"/> City <input type="checkbox"/> Township <input type="checkbox"/> Village <input type="checkbox"/> Other				Local Government Name		County	
Audit Date		Opinion Date		Date Accountant Report Submitted to State:			

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the *Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan* by the Michigan Department of Treasury.

We affirm that:

1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.

We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations

You must check the applicable box for each item below.

- ☐ Yes ☐ No 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements.
- ☐ Yes ☐ No 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980).
- ☐ Yes ☐ No 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended).
- ☐ Yes ☐ No 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act.
- ☐ Yes ☐ No 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]).
- ☐ Yes ☐ No 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit.
- ☐ Yes ☐ No 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year).
- ☐ Yes ☐ No 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241).
- ☐ Yes ☐ No 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95).

We have enclosed the following:	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.			
Reports on individual federal financial assistance programs (program audits).			
Single Audit Reports (ASLGU).			

Certified Public Accountant (Firm Name)				
Street Address		City	State	ZIP Code
Accountant Signature <i>Abraham & Gellray, P.C.</i> <i>Alan M. Stone</i>			Date	

**DeWitt Charter Township
Clinton County, Michigan**

FINANCIAL STATEMENTS

December 31, 2004

DeWitt Charter Township
Clinton County, Michigan

December 31, 2004

BOARD OF TRUSTEES AND ADMINISTRATION

Rick Galardi	Supervisor
Diane Mosier	Clerk
Phyllis Daggy	Treasurer
Max Calder	Trustee
Jeff Baumann	Trustee
Stephen Musselman	Trustee
David Seeger	Trustee
Matt Kulhanek	Manager

DeWitt Charter Township

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December 31, 2004

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ABRAHAM & GAFFNEY, P.C.
Certified Public Accountants

Member:
American Institute of
Certified
Public Accountants
and
Michigan Association of
Certified Public
Accountants

INDEPENDENT AUDITOR'S REPORT

Members of the Township Board
DeWitt Charter Township
DeWitt, Michigan

We have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of DeWitt Charter Township, Michigan as of and for the year ended December 31, 2004, which collectively comprise the Township's basic financial statements as listed in the Table of Contents. These financial statements are the responsibility of the Township's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of DeWitt Charter Township, Michigan as of December 31, 2004, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note A, the Township has implemented a new financial reporting model, as required by the provisions of Governmental Accounting Standards Board Statement No. 34, Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments, as of January 1, 2004, along with all related statements and interpretations.

The management's discussion and analysis and budgetary comparison information, as identified in the Table of Contents, are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was made for the purpose of forming opinions on the financial statements that collectively comprise DeWitt Charter Township's basic financial statements. The combining fund financial statements listed in the Table of Contents under other supplementary financial information are presented for purposes of additional analysis and are not a required part of the financial statements of DeWitt Charter Township, Michigan. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Abraham & Gaffney, P.C.

ABRAHAM & GAFFNEY, P.C.
Certified Public Accountants

March 11, 2005

DeWitt Charter Township

MANAGEMENT'S DISCUSSION AND ANALYSIS

December 31, 2004

New Financial Reporting

Starting with fiscal year 2004, DeWitt Charter Township, Michigan (the "Township") has revised and improved its financial reporting document. These changes are a result of standards set by the Governmental Accounting Standards Board (GASB). The intent of these new standards is to provide citizens, taxpayers, customers, and investors with a better understanding of how the Township's money and other assets are managed.

The new standards set by GASB are intended to give the reader of this annual financial report a better understanding of the financial status of the Township. The new standards introduce accounting rules and systems that are common in the private sector. This report presents a much broader picture of the Township's financial status. Through this comprehensive reporting of assets and liabilities, the reader should have a greater understanding of the Township's financial health.

The discussion and analysis of the Township's financial performance provides an overview of the Township's financial activities for the fiscal year ended December 31, 2004. Please read it in conjunction with the Township's financial statements.

Financial Highlights

As discussed in further detail in this discussion and analysis, the following represents the most significant financial highlights for the year ended December 31, 2004:

- State shared revenue, our second largest revenue source in the General Fund, was reduced by the State of Michigan by approximately \$76,650 this year. This reduction was the result of reduced sales tax revenues collected by the State and changes in the distribution formula used by the State. This major source of revenue has continued to decline over the past few years. The Township is currently receiving \$223,793 less from state shared revenue than was received in 2001.
- Property tax revenues increased \$173,756 from the prior year. While still very significant, this 6.0% increase is less than the two previous year's increases of 11.5% and 9.3% respectively. The increase is the result of new development and an increase in the value of existing properties in the Township, not as a result of property tax rate increases.
- The Township continues the recent practice of funding reserves for future expenditures. These include setting aside money from 425 Agreements, funding for future fire apparatus, wastewater treatment plant digester project and other general sewer system improvements.
- The Township expended \$133,384 for additional improvements to Granger Meadows Park. These improvements, which included additional paved trails, lighting and landscaping, were funded from a reserve in the General Fund using money from 425 Agreements with East Lansing and Bath Charter Township.
- Due to a large amount of capital projects and funding of reserves, the Township had anticipated decreasing the General Fund balance by \$549,078 in 2004. Through a conservative fiscal approach, the General Fund balance actually decreased by \$173,794 from the previous year. An improvement of over \$375,000.

Using this Annual Report

This discussion and analysis are intended to serve as an introduction to DeWitt Charter Township's basic financial statements. The Township's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information, in addition to the basic financial statements themselves.

Government-wide Financial Statements. The statement of net assets and the statement of activities provide information about the activities of DeWitt Charter Township as a whole and present a longer-term view of the Township's finances. This longer-term view uses the accrual basis of accounting so that it can measure the cost of providing services during the current year, and whether the taxpayers have funded the full cost of providing government services.

DeWitt Charter Township

MANAGEMENT'S DISCUSSION AND ANALYSIS

December 31, 2004

Both of the government-wide financial statements distinguish functions of the Township that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities).

Fund Financial Statements. The fund financial statements present a short-term view; they tell us how the taxpayers' resources were spent during the year, as well as how much is available for future spending. Fund financial statements also report the operations of DeWitt Charter Township in more detail than the government-wide financial statements by providing information about the Township's most significant funds. The fiduciary fund statements provide financial information about activities for which DeWitt Charter Township acts solely as a trustee or agent for the benefit of those outside the government.

Governmental Funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

DeWitt Charter Township maintains seven (7) individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, which is considered to be a major fund. Data for the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements in the Other Supplementary Information section of this report.

The Township adopts an annual appropriated budget for its General Fund and Special Revenue Funds. A budgetary comparison statement has been provided for the General Fund to demonstrate compliance with this budget.

Proprietary Funds. DeWitt Charter Township maintains two (2) proprietary funds. *Enterprise Funds* are used to report the same functions presented as business-type activities in the government-wide financial statements. The Township uses Enterprise Funds to account for its sewer system and water system activity.

Fiduciary Funds. Fiduciary Funds are used to account for resources held for the benefit of parties outside the government. Fiduciary Funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the Township's own programs.

Notes to the Financial Statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 12-26 of this report.

Other Information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information, such as this MD&A and the General Fund budgetary comparison schedule. Combining statements referred to earlier in connection with nonmajor governmental funds are presented as other supplementary information.

DeWitt Charter Township

MANAGEMENT'S DISCUSSION AND ANALYSIS

December 31, 2004

The Township as a Whole

The following table shows, in a condensed format, the net assets as of December 31, 2004. A comparative analysis of data will be presented in future years when the information is available.

	Governmental Activities	Business- type Activities	Total Government
Assets			
Current assets	\$ 4,447,023	\$ 2,063,703	\$ 6,510,726
Noncurrent assets	<u>4,745,023</u>	<u>17,259,945</u>	<u>22,004,968</u>
Total assets	9,192,046	19,323,648	28,515,694
Liabilities			
Current liabilities	2,773,235	435,805	3,209,040
Noncurrent liabilities	<u>2,712,930</u>	<u>200,000</u>	<u>2,912,930</u>
Total liabilities	5,486,165	635,805	6,121,970
Net Assets			
Invested in capital assets, net of related debt	1,867,051	11,857,404	13,724,455
Restricted	165,203	-	165,203
Unrestricted	<u>1,673,627</u>	<u>6,830,439</u>	<u>8,504,066</u>
Total net assets	<u>\$ 3,705,881</u>	<u>\$18,687,843</u>	<u>\$22,393,724</u>

Net assets may serve over time as a useful indicator of a government's financial position. DeWitt Charter Township's assets exceeded liabilities \$22,393,724 as of December 31, 2004. The most significant portion of the Township's net assets (61 percent) reflects its investment in capital assets (e.g., land, buildings, equipment), less any related debt used to acquire those assets that are still outstanding. The Township used these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Township's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the Township's net assets (less than 1 percent) represent resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets \$8,504,066 may be used to meet the Township's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the Township is able to report positive balances in all three categories of net assets, both for the government as a whole, as well as for its separate governmental and business-type activities.

The Township's net assets increased by \$1,040,222 during the current year as discussed on the following page. Future reports will provide comparative data for the statement of activities. Comparative data is not required during the first year of reporting under requirements of GASB Statement No. 34.

DeWitt Charter Township

MANAGEMENT'S DISCUSSION AND ANALYSIS

December 31, 2004

	<u>Governmental Activities</u>	<u>Business- type Activities</u>	<u>Total</u>
Revenue			
Program revenue:			
Charges for services	\$ 867,846	\$ 1,675,706	\$ 2,543,552
Operating grants and contributions	115,243	-	115,243
Capital grants and contributions	32,591	218,434	251,025
General revenue:			
Property taxes	2,119,309	-	2,119,309
State shared revenue	919,544	-	919,544
Investment earnings	65,071	99,282	164,353
Equity interest in SCCMUA operations	-	420,186	420,186
Miscellaneous	<u>137,898</u>	<u>-</u>	<u>137,898</u>
Total revenue	4,257,502	2,413,608	6,671,110
Program Expenses			
General government	1,302,551	-	1,302,551
Public safety	1,625,841	-	1,625,841
Public works	231,464	-	231,464
Community and economic development	451,302	-	451,302
Recreation and cultural	99,111	-	99,111
Sewer system	-	1,760,912	1,760,912
Water system	-	13,862	13,862
Interest on long-term liabilities	<u>145,845</u>	<u>-</u>	<u>145,845</u>
Total program expenses	<u>3,856,114</u>	<u>1,774,774</u>	<u>5,630,888</u>
Change in Net Assets	<u>\$ 401,388</u>	<u>\$ 638,834</u>	<u>\$ 1,040,222</u>

Governmental Activities

Governmental activities increased the Township's net assets by \$401,388 during fiscal year 2004. Key elements of this increase are as follows:

The Township's governmental activities' revenues totaled \$4,257,502 with an important source of this being property tax revenue. Property tax revenues make up approximately 50 percent of total governmental revenue. In 2004, property tax revenue received by the Township increased by \$154,759.

The Township incurred expenses of \$3,856,114 during the year. The majority of these expenses are associated with providing general government services and public safety, which includes fire and police services.

Business-type Activities

Business-type activities increased the Township's net assets by \$638,834 during fiscal year 2004. The increase in net assets is primarily due to additional users in the sewer system and the reduction of inflow/infiltration into the sewer collection system thereby reducing treatment costs at the Southern Clinton County Municipal Utilities Authority. The majority (69%) of the revenue of the business-type activities is generated through user charges. The water system only generates interest income and expenses to the water system are minimal.

DeWitt Charter Township
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2004

The Township's Funds

Governmental Funds. The analysis of the Township's major funds begins on page 3, following the government-wide financial statements. The fund financial statements provide detailed information about the most significant funds, not DeWitt Charter Township as a whole. DeWitt Charter Township's Board of Trustees creates funds to help manage money for specific purposes. The Township's major governmental fund for the fiscal year ended December 31, 2004 was the General Fund. The General Fund pays for most of the Township's governmental services. The most significant service provided during the fiscal year was for public safety, which incurred expenditures of \$1,468,372 for the fiscal year. Public Safety services are partially supported by a police and fire millage, which is recorded in the General Fund.

Proprietary Funds. The Township's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net assets of the Sewer System and the Water System at the end of the year amounted to \$5,711,315 and \$1,119,124, respectively. Management of the Township has designated \$1,400,000 of the Sewer System Fund's net assets for improvements to the sewer system infrastructure. The increases in net assets for the Sewer System and the Water System for the fiscal year were \$633,709 and \$5,125, respectively. Other factors concerning the finances of these two funds have already been addressed in the discussion of the Township's business-type activities.

General Fund Budgetary Highlights

Over the course of the fiscal year, the Township Board made necessary budget adjustments to fund unanticipated expenditures during the year. Budget amendment increases were made to cover unanticipated costs in the General Fund, specifically for capital expenditures for roads and the Township Community Center.

Capital Asset and Debt Administration

Capital Assets. At the end of the fiscal year, the Township had approximately \$16,902,427 invested in a broad range of governmental and business-type capital assets, including buildings, land, equipment, and utilities. In addition, the Township has made certain investments in roads and drains within DeWitt Charter Township. These assets are not reported in DeWitt Charter Township's financial statements as capital assets because under Michigan law these roads and drains are the property of the Clinton County Road and Drain Commissions, respectively.

Long-term Debt. The Township issued no new debt during the fiscal year.

Current Economic Factors

Revenue sharing is the most significant budgetary concern at this time. The State of Michigan is experiencing significant budget problems and as they look for solutions revenue sharing continues to be under attack. Should the statutory component of Revenue Sharing be eliminated through State budget cuts, DeWitt Charter Township would experience a revenue loss of approximately \$110,600.

Contacting the Township's Management

This financial report is intended to provide our citizens, taxpayers, customers, and investors with a general overview of the Township's finances and demonstrate the Township's accountability for the money it receives. If you have questions about this report or need additional information, we welcome you to contact the Township Manager or Treasurer at the Township Hall.

BASIC FINANCIAL STATEMENTS

DeWitt Charter Township

STATEMENT OF NET ASSETS

December 31, 2004

	Governmental Activities	Business-type Activities	Total
ASSETS			
Current assets			
Cash and cash equivalents	\$ 546,797	\$ 930,034	\$ 1,476,831
Investments	1,101,655	756,777	1,858,432
Receivables	1,379,395	387,610	1,767,005
Due from other governmental units	158,133	-	158,133
Internal balances	35,101	(35,101)	-0-
Due from fiduciary fund	1,225,942	24,383	1,250,325
Total current assets	4,447,023	2,063,703	6,510,726
Noncurrent assets			
Investment in SCCMUA	-	3,467,468	3,467,468
Investments	-	1,635,073	1,635,073
Capital assets, net	4,745,023	12,157,404	16,902,427
Total noncurrent assets	4,745,023	17,259,945	22,004,968
TOTAL ASSETS	9,192,046	19,323,648	28,515,694
LIABILITIES			
Current liabilities			
Accounts payable	139,588	2,462	142,050
Accrued liabilities	45,111	-	45,111
Accrued interest payable	22,885	3,250	26,135
Deferred revenue	2,273,588	330,093	2,603,681
Current portion of compensated absences	73,993	-	73,993
Current portion of long-term debt	218,070	100,000	318,070
Total current liabilities	2,773,235	435,805	3,209,040
Noncurrent liabilities			
Compensated absences	53,028	-	53,028
Noncurrent portion of long-term debt	2,659,902	200,000	2,859,902
Total noncurrent liabilities	2,712,930	200,000	2,912,930
TOTAL LIABILITIES	5,486,165	635,805	6,121,970
NET ASSETS			
Invested in capital assets, net of related debt	1,867,051	11,857,404	13,724,455
Restricted for			
Debt service	9,923	-	9,923
Other purposes	155,280	-	155,280
Unrestricted	1,673,627	6,830,439	8,504,066
TOTAL NET ASSETS	\$ 3,705,881	\$ 18,687,843	\$ 22,393,724

See accompanying notes to financial statements.

DeWitt Charter Township
STATEMENT OF ACTIVITIES
Year Ended December 31, 2004

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental activities:							
General government	\$ 1,302,551	\$ 703,281	\$ 112,309	\$ -	\$ (486,961)	\$ -	\$ (486,961)
Public safety	1,625,841	26,104	2,934	32,591	(1,564,212)	-	(1,564,212)
Public works	231,464	127,584	-	-	(103,880)	-	(103,880)
Community and economic development	451,302	-	-	-	(451,302)	-	(451,302)
Recreation and cultural	99,111	10,877	-	-	(88,234)	-	(88,234)
Interest on long-term debt	145,845	-	-	-	(145,845)	-	(145,845)
Total governmental activities	3,856,114	867,846	115,243	32,591	(2,840,434)	-0-	(2,840,434)
Business-type activities:							
Sewer system	1,760,912	1,675,706	-	218,434	-	133,228	133,228
Water system	13,862	-	-	-	-	(13,862)	(13,862)
Total business-type activities	1,774,774	1,675,706	-0-	218,434	-0-	119,366	119,366
Total government	<u>\$ 5,630,888</u>	<u>\$ 2,543,552</u>	<u>\$ 115,243</u>	<u>\$ 251,025</u>	(2,840,434)	119,366	(2,721,068)
General revenues:							
Property taxes					2,119,309	-	2,119,309
State shared revenues					919,544	-	919,544
Investment earnings					65,071	99,282	164,353
Equity interest in SCCMUA operations					-	420,186	420,186
Miscellaneous					137,898	-	137,898
Total general revenues					3,241,822	519,468	3,761,290
Change in net assets					401,388	638,834	1,040,222
Net assets, beginning of the year					3,304,493	18,049,009	21,353,502
Net assets, end of the year					<u>\$ 3,705,881</u>	<u>\$ 18,687,843</u>	<u>\$ 22,393,724</u>

See accompanying notes to financial statements.

DeWitt Charter Township

GOVERNMENTAL FUNDS BALANCE SHEET

December 31, 2004

	General	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS			
Cash and cash equivalents	\$ 495,104	\$ 51,693	\$ 546,797
Investments	1,101,655	-	1,101,655
Receivables			
Accounts	140,844	-	140,844
Taxes	1,154,651	-	1,154,651
Special assessments	-	83,900	83,900
Due from other governmental units	158,133	-	158,133
Due from other funds	1,185,616	82,098	1,267,714
TOTAL ASSETS	\$4,236,003	\$ 217,691	\$ 4,453,694
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Payables			
Accounts	\$ 128,961	\$ 10,627	\$ 139,588
Accrued wages	42,023	-	42,023
Accrued liabilities	3,088	-	3,088
Due to other funds	-	6,671	6,671
Deferred revenue	2,242,288	31,300	2,273,588
TOTAL LIABILITIES	2,416,360	48,598	2,464,958
FUND BALANCES			
Reserved for:			
Future expenditures	9,334	-	9,334
Debt service	-	5,982	5,982
Unreserved			
Designated for fire equipment	159,140	-	159,140
Designated for police equipment	30,000	-	30,000
Undesignated, reported in:			
General fund	1,621,169	-	1,621,169
Special revenue funds	-	159,170	159,170
Debt service fund	-	3,941	3,941
TOTAL FUND BALANCES	1,819,643	169,093	1,988,736
TOTAL LIABILITIES AND FUND BALANCES	\$4,236,003	\$ 217,691	\$ 4,453,694

See accompanying notes to financial statements.

DeWitt Charter Township

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET ASSETS

December 31, 2004

Total fund balance - governmental funds **\$ 1,988,736**

Amounts reported for the governmental activities in the statement of net assets are different because:

Capital assets used in governmental activities are not financial resources
and therefore are not reported as assets in the governmental funds.

The cost of capital assets is	\$ 6,579,826	
Accumulated depreciation is	<u>(1,834,803)</u>	
Capital assets, net		4,745,023

Long-term liabilities are not due and payable in the current period and
therefore are not reported in the Governmental Funds Balance Sheet.
Long-term liabilities at year-end consist of:

Bonds and loans payable	2,877,972	
Accrued interest payable	22,885	
Compensated absences	<u>127,021</u>	
		<u>(3,027,878)</u>

Net assets of governmental activities **\$ 3,705,881**

See accompanying notes to financial statements.

DeWitt Charter Township

Governmental Funds

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

Year Ended December 31, 2004

	General	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES			
Taxes	\$ 2,155,730	\$ -	\$ 2,155,730
Licenses and permits	329,182	-	329,182
Intergovernmental	959,656	115,243	1,074,899
Fines and forfeits	-	5,159	5,159
Charges for services	324,659	-	324,659
Interest and rents	101,643	748	102,391
Other	135,409	127,850	263,259
TOTAL REVENUES	4,006,279	249,000	4,255,279
EXPENDITURES			
Current			
General government	1,196,607	-	1,196,607
Public safety	1,468,372	8,026	1,476,398
Public works	92,543	127,254	219,797
Community and economic development	451,302	-	451,302
Recreation and cultural	87,861	-	87,861
Debt service	89,567	265,302	354,869
Capital outlay	642,228	-	642,228
TOTAL EXPENDITURES	4,028,480	400,582	4,429,062
EXCESS OF REVENUES (UNDER) EXPENDITURES	(22,201)	(151,582)	(173,783)
OTHER FINANCING SOURCES (USES)			
Proceeds from sale of capital assets	2,223	-	2,223
Operating transfers in	-	153,816	153,816
Operating transfers out	(153,816)	-	(153,816)
TOTAL OTHER FINANCING SOURCES (USES)	(151,593)	153,816	2,223
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	(173,794)	2,234	(171,560)
Fund balances, beginning of year	1,993,437	166,859	2,160,296
Fund balances , end of year	\$ 1,819,643	\$ 169,093	\$ 1,988,736

See accompanying notes to financial statements.

DeWitt Charter Township

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

Year Ended December 31, 2004

Net change in fund balances - total governmental funds **\$ (171,560)**

Amounts reported for governmental activities in the statement of activities are different because:

Capital outlays are reported as expenditures in governmental funds. However, in the statement of activities, the cost of capital assets is allocated over their estimated useful lives as depreciation expense. In the current period, these amounts are:

Capital outlay	582,837	
Depreciation	<u>(219,282)</u>	
Excess of capital outlay over depreciation expense		363,555

Repayment of long-term debt and borrowing of long-term debt is reported as expenditures and other financing sources in governmental funds, but the repayment reduces long-term liabilities and the borrowings increase long-term liabilities in the statement of net assets. In the current year, these amounts consist of:

Bond and loan principal retirement	207,237
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Some items reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. These activities consist of:

Decrease in accrued interest payable	1,787	
Decrease in accrued compensated absences	<u>369</u>	
		<u>2,156</u>

Change in net assets of governmental activities	<u>\$ 401,388</u>
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See accompanying notes to financial statements.

DeWitt Charter Township

Proprietary Funds

STATEMENT OF NET ASSETS

December 31, 2004

	Sewer System	Nonmajor Enterprise Fund (Water System)	Total
ASSETS			
Current assets			
Cash and cash equivalents	\$ 363,333	\$ 566,701	\$ 930,034
Investments	368,477	388,300	756,777
Accounts receivable	386,079	1,531	387,610
Due from other funds	26,193	-	26,193
Total current assets	1,144,082	956,532	2,100,614
Noncurrent assets			
Investment in SCCMUA	3,467,468	-	3,467,468
Investments	1,435,570	199,503	1,635,073
Capital assets, net of accumulated depreciation	12,157,404	-	12,157,404
Total noncurrent assets	17,060,442	199,503	17,259,945
TOTAL ASSETS	18,204,524	1,156,035	19,360,559
LIABILITIES			
Current liabilities			
Accounts payable	2,462	-	2,462
Accrued interest payable	3,250	-	3,250
Due to other funds	-	36,911	36,911
Deferred revenue	330,093	-	330,093
Current portion of long-term debt	100,000	-	100,000
Total current liabilities	435,805	36,911	472,716
Noncurrent liabilities			
Revenue bonds payable	200,000	-	200,000
TOTAL LIABILITIES	635,805	36,911	672,716
NET ASSETS			
Invested in capital assets, net of related debt	11,857,404	-	11,857,404
Unrestricted			
Designated for sewer improvements	1,400,000	-	1,400,000
Undesignated	4,311,315	1,119,124	5,430,439
TOTAL NET ASSETS	\$ 17,568,719	\$ 1,119,124	\$ 18,687,843

See accompanying notes to financial statements.

DeWitt Charter Township

Proprietary Funds

STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN FUND NET ASSETS

Year Ended December 31, 2004

	Sewer System	Nonmajor Enterprise Fund (Water System)	Total
OPERATING REVENUES			
Charges for services	\$ 1,302,185	\$ -	\$ 1,302,185
Penalties	20,546	-	20,546
TOTAL OPERATING REVENUES	1,322,731	-0-	1,322,731
OPERATING EXPENSES			
Administrative charges	115,000	1,000	116,000
Legal, accounting, and engineering	9,508	-	9,508
Contractual service	1,432,742	-	1,432,742
Supplies	3,248	-	3,248
Repairs and maintenance	-	12,862	12,862
Other	35	-	35
Depreciation	177,374	-	177,374
TOTAL OPERATING EXPENSES	1,737,907	13,862	1,751,769
OPERATING LOSS	(415,176)	(13,862)	(429,038)
NONOPERATING REVENUES (EXPENSES)			
Equity interest in 2004 SCCMUA operations	420,186	-	420,186
Contributions - developers	218,434	-	218,434
Permits	6,300	-	6,300
Tap in fees	346,675	-	346,675
Interest revenue	80,295	18,987	99,282
Interest expense	(22,750)	-	(22,750)
Fiscal agent fees	(255)	-	(255)
TOTAL NONOPERATING REVENUES (EXPENSES)	1,048,885	18,987	1,067,872
CHANGE IN NET ASSETS	633,709	5,125	638,834
Net assets, beginning of year	16,935,010	1,113,999	18,049,009
Net assets, end of year	<u>\$ 17,568,719</u>	<u>\$ 1,119,124</u>	<u>\$ 18,687,843</u>

See accompanying notes to financial statements.

DeWitt Charter Township

Proprietary Funds

STATEMENT OF CASH FLOWS

Year Ended December 31, 2004

	Sewer System	Nonmajor Enterprise Fund (Water System)	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash receipts from customers	\$ 1,295,509	\$ -	\$ 1,295,509
Cash paid to suppliers	(1,439,229)	(11,580)	(1,450,809)
Cash paid for administrative charges	(115,000)	(1,000)	(116,000)
NET CASH (USED) BY OPERATING ACTIVITIES	(258,720)	(12,580)	(271,300)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Permits revenue	6,300	-	6,300
Fiscal agent fees	(255)	-	(255)
Tap in fees	346,675	-	346,675
NET CASH PROVIDED BY NONCAPITAL FINANCING ACTIVITIES	352,720	-0-	352,720
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Interest expense	(22,750)	-	(22,750)
Capital purchases	(124,125)	-	(124,125)
Payments of borrowing	(100,000)	-	(100,000)
NET CASH (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	(246,875)	-0-	(246,875)
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest revenue	80,295	18,987	99,282
Purchases of investments	(1,804,047)	(587,803)	(2,391,850)
Maturities of investments	1,620,830	683,055	2,303,885
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	(102,922)	114,239	11,317
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS DURING YEAR	(255,797)	101,659	(154,138)
Cash and cash equivalents, beginning of year	619,130	465,042	1,084,172
Cash and cash equivalents, end of year	\$ 363,333	\$ 566,701	\$ 930,034

DeWitt Charter Township

Proprietary Funds

STATEMENT OF CASH FLOWS - CONTINUED

Year Ended December 31, 2004

	Sewer System	Nonmajor Enterprise Fund (Water System)	Total
Reconciliation of operating (loss) to net cash (used) by operating activities			
Operating (loss)	\$ (415,176)	\$ (13,862)	\$ (429,038)
Adjustments to reconcile operating (loss) to net cash (used) by operating activities			
Depreciation	177,374	-	177,374
(Increase) in receivables	(20,306)	(1)	(20,307)
(Increase) in due from other funds	(6,916)	-	(6,916)
(Decrease) in accounts payable	(52)	-	(52)
(Decrease) in accrued interest payable	(1,083)	-	(1,083)
Increase in due to other funds	-	1,283	1,283
Increase in deferred revenue	7,439	-	7,439
NET CASH (USED) BY OPERATING ACTIVITIES	<u>\$ (258,720)</u>	<u>\$ (12,580)</u>	<u>\$ (271,300)</u>

Note: The Township adjusted its equity interest in 2004 Southern Clinton County Municipal Utilities Authority operations in the Sewer System Fund for \$420,186 to reflect the current activity at SCCMUA.

In 2004, the Sewer System recorded an increase in capital assets and contributions from developers, respectively, of \$218,434 as a result of construction costs related to developer projects.

See accompanying notes to financial statements.

DeWitt Charter Township

Fiduciary Funds

STATEMENT OF NET ASSETS

December 31, 2004

	Agency Funds		
	Trust and Agency	Current Tax Collection	Total
ASSETS			
Cash and cash equivalents	\$ 374,423	\$ 3,634,381	\$ 4,008,804
LIABILITIES			
Due to other governmental units			
State	\$ -	\$ 24,598	\$ 24,598
County	-	1,075,896	1,075,896
Schools	-	1,233,295	1,233,295
Library	-	91,456	91,456
Due to other funds			
General	50,068	1,097,685	1,147,753
Sewer System	-	24,383	24,383
Street Lighting	-	62,089	62,089
Remy Chandler	-	16,100	16,100
Due to individuals and agencies	317,375	8,879	326,254
Undistributed taxes	6,980	-	6,980
TOTAL LIABILITIES	\$ 374,423	\$ 3,634,381	\$ 4,008,804

See accompanying notes to financial statements.

DeWitt Charter Township

NOTES TO FINANCIAL STATEMENTS

December 31, 2004

NOTE A: DESCRIPTION OF TOWNSHIP OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

DeWitt Charter Township, Michigan was organized as a Township under provisions of the constitution and general law of the State of Michigan. The Township is one of sixteen (16) townships in Clinton County. The Township operates under an appointed Township Superintendent and an elected Township Board which consists of a Supervisor, Clerk, Treasurer, and four (4) Trustees and provides services to its residents in many areas including general government, highways and streets, fire protection, law enforcement, and sewer utility services.

1. Reporting Entity

As required by accounting principles generally accepted in the United States of America; GASB Statement 14, The Financial Reporting Entity; and Statement on Michigan Governmental Accounting and Auditing No. 5, these financial statements present the financial activities of DeWitt Charter Township (primary government). The Township has no activities that would be classified as component units.

The inclusion of the activities of various agencies is based on the manifestation of oversight criteria, relying on such guidelines as the selection of the governing authority, the designation of management, the ability to exert significant influence on operations, and the accountability for fiscal matters. The accountability for fiscal matters considers the possession of the budgetary authority, the responsibility for surplus or deficit, the controlling of fiscal management, and the revenue characteristics, whether a levy or a charge. Consideration is also given to the scope of public service. The scope of public service considers whether the activity is for the benefit of the reporting entity and/or its residents and is within the geographic boundaries of the reporting entity and generally available to its citizens.

Based upon the application of these criteria, the financial statements of DeWitt Charter Township contain all the funds controlled by the Township Board.

2. Joint Ventures

DeWitt Charter Township is a member of the Southern Clinton County Municipal Utilities Authority (SCCMUA). The purpose of the Authority is to operate, maintain, administer, and manage a sewage disposal system for the benefit of the constituent municipalities.

The governing body of the Authority is appointed by the constituent municipalities, and representation is based upon the purchased capacity of each municipality. DeWitt Charter Township currently is represented by five (5) of the ten (10) members of the Authority board. The annual budget of the Authority is submitted to the constituent municipalities and must be approved by a 2/3 vote of the members-elect of the Authority. A copy of SCCMUA's audit can be obtained at their administrative offices.

The members of the Authority and approximate percentage of responsibility are as follows:

DeWitt Charter Township	56%
City of DeWitt	11%
Watertown Township	16%
Bath Charter Township	17%

For the year ended December 31, 2004, DeWitt Charter Township contributed \$1,432,742 to cover its share of operational costs and reserve activities.

Additionally, an investment in SCCMUA is recorded to reflect the current carrying value at December 31, 2004, of the cumulative effect of SCCMUA operations relating to the Township equity share in the joint venture from inception-to-date. DeWitt Charter Township had recorded their portion of the initial cost of construction of the Authority facilities as capital assets in the Sewer and Water System (Enterprise) Funds, however the portion of those costs relating to the Water System has been eliminated as the Township transferred ownership of its water system to the Lansing Board of Water & Light during the fiscal year ended December 31, 2000.

NOTES TO FINANCIAL STATEMENTS

December 31, 2004

NOTE A: DESCRIPTION OF TOWNSHIP OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

2. Joint Ventures - continued

DeWitt Charter Township is a member of the DeWitt Area Recreation Authority, which is a joint venture between DeWitt Charter Township and the City of DeWitt. The Authority was established in 2003 to provide recreation services. The Authority's activities are overseen by a six (6) member board of Directors, with each municipality appointing three (3) members. Each municipality provides annual appropriations to subsidize operations. The current funding formula approved by the Authority requires DeWitt Charter Township and the City of DeWitt to provide approximately 56 and 44 percent, respectively. In 2004 the Township contributed \$84,000. A copy of the DeWitt Area Recreation Authority's audit can be obtained from DeWitt Charter Township's administrative offices.

3. Jointly Governed Organizations

The Township participates in the following activity which is considered to be a jointly governed organization in relation to the Township, due to there being no ongoing financial interest or responsibility:

Under Public Act 24 of 1989, DeWitt Charter Township, in conjunction with the City of DeWitt, created the DeWitt Public Library which is considered a District Library. The DeWitt Public Library board is composed of three (3) members appointed by each municipality. The Township has no financial responsibility to the Library.

4. Basis of Presentation

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The statement of net assets and the statement of activities (the government-wide statements) present information for the primary government as a whole. All non-fiduciary activities of the primary government are included (i.e., fiduciary fund activities are not included in the government-wide statements). For the most part, interfund activity has been eliminated in the preparation of these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities presents the direct functional expenses of the primary government and the program revenues that support them. Direct expenses are specifically associated with a service, program, or department and are therefore clearly identifiable to a particular function. Program revenues are associated with specific functions and include charges to recipients of goods or services and grants and contributions that are restricted to meeting the operational or capital requirements of that function. Revenues that are not required to be presented as program revenues are general revenues. This includes all taxes, interest, and unrestricted State revenue sharing payments and other general revenues and shows how governmental functions are either self-financing or supported by general revenues.

FUND FINANCIAL STATEMENTS

The fund financial statements present the Township's individual major funds and aggregated nonmajor funds. Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and the major individual enterprise fund are reported as separate columns in the fund financial statements.

The major funds of the Township are:

- a. The General Fund is the Township's primary operating fund. It accounts for all financial resources of the general government except for those that are required to be accounted for in another fund.

NOTES TO FINANCIAL STATEMENTS

December 31, 2004

NOTE A: DESCRIPTION OF TOWNSHIP OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

4. Basis of Presentation - continued

FUND FINANCIAL STATEMENTS - CONTINUED

- b. The Sewer Fund is used to account for the operations required to provide sewer services to the general public, the costs (expenses, including depreciation) is financed or recovered primarily through user charges.

5. Measurement Focus

The government-wide, proprietary, and fiduciary financial statements are presented using the economic resources measurement focus, similar to that used by business enterprises or not-for-profit organizations. Because another measurement focus is used in the governmental fund financial statements, reconciliations to the government-wide statements are provided that explain the differences in detail.

All governmental funds are presented using the current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

There is no measurement focus for Agency Funds since assets equal liabilities.

6. Basis of Accounting

Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made regardless of the measurement focus applied.

All governmental and agency funds are accounted for using the modified accrual basis of accounting. Under this method, revenues are recognized when they become susceptible to accrual (when they become both "measurable" and "available to finance expenditures of the current period"). The length of time used for "available" for purposes of revenue recognition in the governmental fund financial statements is 60 days. Revenues which are considered measurable, but not available, are recorded as a receivable and deferred revenue. Revenues are generally considered available when they are received in cash (unless legally restricted to some future period) or when earned and expected to be collected soon enough after year-end to pay liabilities of the current period. Significant revenues susceptible to accrual include certain intergovernmental revenues and charges for services. Most licenses and permits, fines and forfeits, and miscellaneous revenue sources generally are recorded as revenues when received in cash because they are not measurable until actually received.

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred, except for interest on long-term debt which is recorded when due.

The proprietary funds are accounted for using the accrual basis of accounting. The revenues are recognized when they are earned, and the expenses are recognized when they are incurred.

Private-sector standards of accounting and financial reporting issued to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The Township has elected not to follow subsequent private-sector guidance.

DeWitt Charter Township
NOTES TO FINANCIAL STATEMENTS
December 31, 2004

NOTE A: DESCRIPTION OF TOWNSHIP OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

6. Basis of Accounting - continued

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Enterprise Funds are charges to customers for sales and services. Operating expenses for enterprise funds include the costs of sales and services, administrative expenses, and other costs of running the activity. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses. If/when both restricted and unrestricted resources are available for use, it is the Township's policy to use restricted resources first, then unrestricted resources as they are needed.

7. Budgets and Budgetary Accounting

The General Fund budget shown as required supplementary information was prepared on a basis not substantially different than the basis used to reflect actual results.

The Township employs the following procedures in establishing the budgetary data reflected in the financial statements:

- a. Prior to September 1, the Superintendent submits a proposed operating budget for the fiscal year commencing the following January 1 to the Township Board. The operating budget includes proposed expenditures and the means of financing them.
- b. Public hearings are conducted at the Township Hall to obtain taxpayer comments.
- c. Prior to November 1, the budget is adopted through passage of a Board resolution. After the budget is adopted all transfers of budgeted amounts between activities or any revisions that alter the total expenditures of the fund or activity must be approved by the Township Board.
- d. Formal budgetary integration is employed as a management control device during the year.
- e. The Township does not employ encumbrance accounting as an extension of formal budgetary integration in the governmental funds. Appropriations unused at December 31 are not carried forward to the following fiscal year.
- f. Budgeted amounts are reported as originally adopted or amended by the Township Board during the year.

8. Cash, Cash Equivalents, and Investments

Cash and cash equivalents consist of checking, savings, and investment trust fund accounts. The cash and cash equivalents are recorded at cost, which approximates market value.

Investments include U.S. Government Securities and certificates of deposit with an original maturity of greater than 90 days from the date of purchase. All investments are stated at market value.

9. Receivables

Receivables consist of amounts due from various individuals and businesses related to charges for services, amounts owed to the Township from special assessment, and taxes levied that have not been collected.

DeWitt Charter Township

NOTES TO FINANCIAL STATEMENTS

December 31, 2004

NOTE A: DESCRIPTION OF TOWNSHIP OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

10. Property Tax

DeWitt Charter Township bills and collects its own property taxes and the tax levy for other governmental units. The Township's property tax revenue recognition policy and related tax calendar disclosures are as follows:

Property taxes are levied twice per year. A summer tax is levied on July 1, and a winter tax is levied on December 1. The tax levies are due September 14 and February 14, respectively. All taxes not paid by their due dates are deemed delinquent. Delinquent real property taxes are turned over to the Clinton County Treasurer on March 1 of the year following the levy. The Clinton County Treasurer remits payment to all taxing units on all delinquent real property taxes. Delinquent personal property taxes are retained by the Township for subsequent collection.

The Township's property tax is levied each December 1 on the taxable valuation of property located in the Township as of the preceding December 31. Although the Township's 2004 tax is levied and collectible on December 1, 2004, it is the Township's policy to recognize revenues from the current tax levy in the subsequent year when the proceeds of the levy are budgeted and made available for the financing of Township operations.

The Township is permitted to levy up to \$5 per \$1,000 of taxable valuation for general governmental service and additional amounts for special and debt services. For the year ended December 31, 2004, the Township levied 3.9736 mills for general governmental services, .98710 mills for police services, and .98710 mills for fire services. The total taxable value for the 2003 levy for the property within the Township was \$376,991,569.

11. Capital Assets

Capital assets include land, buildings, equipment, vehicles, and sewer system and are recorded (net of accumulated depreciation, if applicable) in the government-wide financial statements under the governmental and business-type activities columns. Capital assets are those with an initial individual cost of \$5,000 or more and an estimated useful life of more than one year. Capital assets are not recorded in the governmental funds. Instead, capital acquisition and construction are reflected as expenditures in governmental funds, and the related assets are reported in the government-wide financial statements. All purchased capital assets are valued at cost where historical records are available and at an estimated historical cost where no historical records exist. Donated capital assets are valued at their estimated fair market value on the date received.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Depreciation is computed using the straight-line method over the following useful lives:

Buildings and improvements	25 - 40 years
Sewer system/lines/pump stations	75 - 100 years
Machinery and equipment	40 - 30 years
Vehicles	4 - 20 years
Office furniture and equipment	14 - 25 years

12. Accrued Interest Payable

Accrued interest is presented for long-term obligations in the government-wide financial statements.

NOTES TO FINANCIAL STATEMENTS

December 31, 2004

NOTE A: DESCRIPTION OF TOWNSHIP OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

13. Deferred Revenue

Deferred revenue consists of property taxes for which there is an enforceable claim as of December 31, 2004, but which are levied to finance year 2005 operations and sewer tap-in fees the Township received for services it has not yet provided. Governmental funds report deferred revenues in connection with receivables for revenue that is not considered available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received but not yet earned. Government-wide and proprietary financial statements report deferred revenues that are unavailable to liquidate liabilities at the current period.

14. Accrued Vacation and Sick Pay

In accordance with the Township personnel policies and/or contracts negotiated with the various employee groups of the Township, individual employees have vested rights upon termination of employment to receive payment for unused vacation and sick leave under formulas and conditions specified in the respective personnel policies and/or contracts.

Vested vacation and sick leave earned as of December 31, 2004, including related payroll taxes, is recorded entirely in the government-wide financial statements.

15. Long-Term Obligations

Long-term debt and other long-term obligations are recognized as a liability in the government-wide financial statements and proprietary fund types when incurred. The portion of those liabilities expected to be paid within the next year is a current liability with the remaining amounts shown as noncurrent.

Long-term debt is recognized as a liability of a governmental fund when due or when resources have been accumulated for payment early in the following year. For other long-term obligations, only that portion expected to be financed from expendable available financial resources is reported as a fund liability of a governmental fund.

16. Interfund Transactions

During the course of normal operations the Township has numerous transactions between funds, including expenditures and transfers of resources to provide services, construct assets, and service debt. The accompanying financial statements generally reflect such transactions as operating transfers. Transfers between governmental or proprietary funds are netted as part of the reconciliation to the government-wide financial statements.

The General Fund records administrative charges to various funds as revenue. All funds record these payments as operating expenditures/expenses.

17. Comparative Data

Comparative data for the prior year has not been presented in all funds in the accompanying financial statements since their inclusion would make the financial statements unduly complex and difficult to read.

NOTES TO FINANCIAL STATEMENTS

December 31, 2004

NOTE A: DESCRIPTION OF TOWNSHIP OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

18. Accounting Change

As of January 1, 2004, the Township implemented the provisions of Governmental Accounting Standards Board Statement No. 34, Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments (Statement) along with all related statements and interpretations. Certain significant changes in the Statement include the following:

- A Management's Discussion and Analysis (MD&A) section providing an analysis of the Township's overall financial position and results of operations has been included.
- Government-wide financial statements (statement of net assets and statement of activities) prepared using full accrual accounting for all of the Township's activities have been provided. A reconciliation is presented between the fund level (modified accrual) and government-wide (full accrual) statements since their measurement focus is not the same.
- Capital assets reported on the statement of net assets include assets in the amount of \$6,841,266, which were previously reported in the General Fixed Assets Account Group. The government-wide statement of activities reflects depreciation expenses on the Township's capital assets.
- Long-term obligations reported on the statement of net assets include obligations of \$3,212,599, which were previously reported in the General Long-term Debt Account Group.
- The fund financial statements focus on major funds rather than fund types.

This implementation has also required certain disclosures to be made in the notes to the financial statements concurrent with the implementation of Statement No. 34 based on GASB Statement No. 38. Certain note disclosures have been added and/or amended, including descriptions of activities of major funds and interfund balances and transactions, and various other disclosures.

NOTE B: CASH, CASH EQUIVALENTS, AND INVESTMENTS

In accordance with Michigan Compiled Laws, the Township is authorized to invest in the following investment vehicles:

- a. Bonds, securities, and other obligations of the United States or any agency or instrumentality of the United States.
- b. Certificates of deposit, savings accounts, deposit accounts, or depository receipts of a State or nationally chartered bank or a State or Federally chartered savings and loan association, savings bank, or credit union whose deposits are insured by an agency of the United States government and which maintains a principal office or branch office located in this State under the laws of this State or the United States, but only if the bank, savings and loan association, savings bank or credit union is eligible to be a depository of surplus funds belonging to the State under Section 6 of 1855 PA 105, MCL 21.146.
- c. Commercial paper rated at the time of purchase within the three (3) highest classifications established by not less than two (2) standard rating services and which matures not more than 270 days after the date of purchase.
- d. The United States government or federal agency obligations repurchase agreements.
- e. Bankers acceptances of United States banks.

DeWitt Charter Township

NOTES TO FINANCIAL STATEMENTS

December 31, 2004

NOTE B: CASH, CASH EQUIVALENTS, AND INVESTMENTS - CONTINUED

- f. Mutual funds composed of investment vehicles which are legal for direct investment by local units of government in Michigan.

Federal Deposit Insurance Corporation (FDIC) regulations provide that deposits of governmental units are to be separately insured for the amount of \$100,000 for deposits in an insured bank for savings deposits, and \$100,000 for demand deposits. Furthermore, if specific deposits are regulated by statute or bond indenture, these specific deposits are to be separately insured for the amount of \$100,000. Michigan Compiled Laws allow for collateralization of government deposits, if the assets for pledging are acceptable to the State Treasurer under Section 3 of 1855 PA 105, MCL 21.143, to secure deposits of State surplus funds, securities issued by the federal loan mortgage corporation, federal national mortgage association or government national mortgage association.

Deposits

As of December 31, 2004, the carrying amounts and the bank balances for each type of bank account are as follows:

<u>Investment Type</u>	<u>Carrying Amount</u>	<u>Market Value</u>
Regular checking	\$ 12,490	\$ 12,456
Money market checking	217	217
Savings and certificates of deposit	<u>6,350,237</u>	<u>6,033,191</u>
	<u>\$ 6,362,944</u>	<u>\$ 6,045,864</u>

Deposits of the Township are at federally insured banks located in the State of Michigan with all accounts maintained in the name of the Township. As of December 31, 2004, the Township accounts were insured by the FDIC for \$912,673 and the amount of \$5,133,191 was uninsured and uncollateralized.

Due to significantly higher cash flow at certain periods during the year, the amount the Township held as cash and cash equivalents increased significantly. As a result, the amount of the uninsured and uncollateralized cash and cash equivalents were substantially higher at these peak periods than at year-end.

Investments

As of December 31, 2004, the carrying amounts and market values for the investments are as follows:

<u>Investment Type</u>	<u>Carrying Amount</u>	<u>Market Value</u>
Insured or registered for which the securities are held by the Township's agent in the Township's name		
Federal Home Loan Mortgage Corporation	\$ 421,043	\$ 421,043
Federal National Mortgage Association	1,049,616	1,049,616
Federal National Association	301,312	301,312
Federal Home Loan Association	196,305	196,305
Government National Association	28,973	28,973
Government National Mortgage Association	10,782	10,782
U.S. Treasury Securities	<u>232,782</u>	<u>232,782</u>
	2,240,813	2,240,813
Uncategorized pooled investment funds	<u>374,933</u>	<u>374,933</u>
	<u>\$ 2,615,746</u>	<u>\$ 2,615,746</u>

DeWitt Charter Township

NOTES TO FINANCIAL STATEMENTS

December 31, 2004

NOTE B: CASH, CASH EQUIVALENTS, AND INVESTMENTS - CONTINUED

Investments - continued

The cash, cash equivalents, and investments referred to above have been reported in either the cash and cash equivalents or investments captions on the financial statements, based upon criteria disclosed in Note B. The following summarizes the categorization of these amounts as of December 31, 2004:

Cash and cash equivalents	\$ 5,485,635
Investments	<u>3,493,505</u>
	<u>\$ 8,979,140</u>

The cash and cash equivalents caption on the financial statements include \$150 in petty cash and \$300 held in trust with Ingham County.

NOTE C: INTERFUND RECEIVABLES AND PAYABLES

The amount of interfund receivables and payables at December 31, 2004, are as follows:

Due to general fund from:	
Nonmajor governmental funds	\$ 6,671
Nonmajor business-type fund	31,192
Fiduciary funds	<u>1,147,753</u>
	1,185,616
Due to sewer fund from:	
Nonmajor business-type fund	1,810
Fiduciary funds	<u>24,383</u>
	26,193
Due to nonmajor governmental funds from:	
Fiduciary funds	78,189
Nonmajor business-type fund	<u>3,909</u>
	<u>82,098</u>
	<u>\$ 1,293,907</u>

Amounts appearing as interfund payables and receivables arise from two types of transactions. One type of transaction is where a fund will pay for a good or service that at least a portion of the benefit belongs to another fund. The second type of transaction is where one fund provides a good or service to another fund. Balances at the end of the year are for transfers that have not cleared as of the balance sheet date.

NOTE D: INTERFUND TRANSFERS

Permanent reallocation of resources between funds of the reporting entity is classified as interfund transfers.

Transfers to nonmajor governmental funds from:	
General fund	<u>\$ 153,816</u>

DeWitt Charter Township
NOTES TO FINANCIAL STATEMENTS
December 31, 2004

NOTE E: CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2004 was as follows:

Governmental activities

	Restated Balance <u>Jan. 1, 2004</u>	<u>Additions</u>	<u>Deletions</u>	Balance <u>Dec. 31, 2004</u>
Capital assets not being depreciated				
Land	\$ 874,315	\$ -	\$ -	\$ 874,315
Construction in progress	<u>-</u>	<u>459,470</u>	<u>-</u>	<u>459,470</u>
Total capital assets not being depreciated	874,315	459,470	-0-	1,333,785
Capital assets being depreciated				
Buildings and improvements	3,951,000	-	-	3,951,000
Machinery and equipment	368,286	32,685	-	400,971
Vehicles	655,263	90,682	-	745,945
Office equipment and furniture	<u>148,125</u>	<u>-</u>	<u>-</u>	<u>148,125</u>
Total capital assets being depreciated	5,122,674	123,367	-0-	5,246,041
Less accumulated depreciation for:				
Buildings and improvements	(935,701)	(99,533)	-	(1,035,234)
Machinery and equipment	(178,155)	(47,164)	-	(225,319)
Vehicles	(429,201)	(60,118)	-	(489,319)
Office equipment and furniture	<u>(72,464)</u>	<u>(12,467)</u>	<u>-</u>	<u>(84,931)</u>
Total accumulated depreciation	<u>(1,615,521)</u>	<u>(219,282)</u>	<u>-0-</u>	<u>(1,834,803)</u>
Net capital assets being depreciated	<u>3,507,153</u>	<u>(95,915)</u>	<u>-0-</u>	<u>3,411,238</u>
Net capital assets - governmental activities	<u>\$ 4,381,468</u>	<u>\$ 363,555</u>	<u>\$ -0-</u>	<u>\$ 4,745,023</u>

Depreciation expense was charged to the following governmental activities:

General government	\$ 76,710
Public safety	119,655
Public works	11,667
Recreation and cultural	<u>11,250</u>
Total depreciation expense	<u>\$ 219,282</u>

Business-type activities

	Balance <u>Jan. 1, 2004</u>	<u>Additions</u>	<u>Deletions</u>	Balance <u>Dec. 31, 2004</u>
Capital assets being depreciated				
Sewer system	\$15,125,902	\$ 388,581	\$ -	\$15,514,483
Equipment	74,707	-	-	74,707
Construction in progress	<u>46,022</u>	<u>-</u>	<u>(46,022)</u>	<u>-0-</u>
Total capital assets being depreciated	15,246,631	388,581	(46,022)	15,589,190

DeWitt Charter Township
NOTES TO FINANCIAL STATEMENTS
December 31, 2004

NOTE E: CAPITAL ASSETS - CONTINUED

Business-type activities - continued

	Balance Jan. 1, 2004	Additions	Deletions	Balance Dec. 31, 2004
Less accumulated depreciation for:				
Sewer system	\$(3,179,986)	\$(177,093)	\$ -	\$(3,357,078)
Equipment	(74,426)	(281)	-	(74,707)
Total accumulated depreciation	(3,254,412)	(177,374)	-0-	(3,431,786)
Net capital assets - business-type activities	<u>\$11,992,219</u>	<u>\$ 211,207</u>	<u>\$(46,022)</u>	<u>\$12,157,404</u>

NOTE F: LONG-TERM DEBT

The following is a summary of changes in long-term debt (including current portion) of the Township for the year ended December 31, 2004:

	Balance Jan. 1, 2004	Additions	Deletions	Balance Dec. 31, 2004	Amount Due Within One Year
Governmental activities					
1998 General Obligation Bonds	\$ 1,900,000	\$ -	\$ 70,000	\$ 1,830,000	\$ 75,000
1991 Limited Tax General Obligation Bonds	201,209	-	61,237	139,972	67,070
1995 Limited Tax General Obligation Bonds	340,000	-	20,000	320,000	20,000
Installment loan payable	644,000	-	56,000	588,000	56,000
Accrued vacation and sick pay	127,390	-	369	127,021	73,993
	3,212,599	-0-	207,606	3,004,993	292,063
Business-type activities					
1978 Revenue Bonds	400,000	-	100,000	300,000	100,000
	<u>\$ 3,612,599</u>	<u>\$ -0-</u>	<u>\$ 307,606</u>	<u>\$ 3,304,993</u>	<u>\$ 392,063</u>

Significant details regarding outstanding long-term debt (including current portion) are presented below:

\$2,150,000 Unlimited General Obligation Township Facility Construction Bonds, Series 1998, dated December 1, 1998 due in annual installments ranging from \$75,000 to \$160,000 through May 1, 2020 with interest ranging from 4.375 to 4.625 percent, payable semi-annually. \$ 1,830,000

\$1,140,000 Limited Tax General Obligation Clinton County Water Supply System Bonds, Series 1991 (Township share \$665,483), dated April 1, 1991, Township share due in annual installments ranging from \$67,070 to \$72,902 through May 1, 2006, with interest of 5.50 percent, payable semi-annually. 139,972

\$450,000 Limited Tax General Obligation Clinton County Water Supply System Bonds, Series 1995, dated July 1, 1995, due in annual installments ranging from \$20,000 to \$40,000 through May 1, 2015, with interest ranging from 5.60 to 6.20 percent, payable semi-annually. 320,000

DeWitt Charter Township

NOTES TO FINANCIAL STATEMENTS

December 31, 2004

NOTE F: LONG-TERM DEBT - CONTINUED

\$1,400,000 Clinton County Sanitary Sewage Treatment and Disposal System No. 7 Bonds, Series A, dated August 1, 1978, due in annual installments of \$100,000 through May 1, 2007, with interest of 6.50 percent, payable semi-annually. \$ 300,000

\$840,000 Installment Purchase Agreement, due in semi-annual installments of \$28,000 through May 1, 2015, with interest at 5.33%, payable semi-annually, for property acquisition and construction of a fire station. 588,000

\$ 3,177,972

Accrued Vacation and Sick Pay

In accordance with the Township personnel policies and/or contracts negotiated with the various employee groups of the Township, individual employees have vested rights upon termination of employment to receive payment for unused vacation and sick leave under formulas and conditions specified in the respective personnel policies and/or contracts. The dollar amount of these vested rights, including related payroll taxes, amounted to \$127,021 for vacation and sick at December 31, 2004. The amounts of \$73,993 and \$53,028 have been reported as current and noncurrent liabilities, respectively.

The annual requirements to pay the debt principal and interest outstanding for the bonds and installment purchase agreements are as follows:

Year Ending December 31,	1998 Unlimited Tax		Water Supply System Limited Tax		Sewer System	
	<u>General Obligation Bonds</u>		<u>General Obligation Bonds</u>		<u>Revenue Bonds</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2005	\$ 75,000	\$ 80,644	\$ 87,070	\$ 24,564	\$ 100,000	\$ 16,250
2006	80,000	77,254	92,902	19,585	100,000	9,750
2007	85,000	73,644	25,000	16,285	100,000	3,250
2008	90,000	69,816	25,000	14,823	-	-
2009	95,000	65,769	25,000	13,335	-	-
2010-2014	550,000	258,831	165,000	38,743	-	-
2015-2019	695,000	119,688	40,000	1,240	-	-
2020	<u>160,000</u>	<u>3,700</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 1,830,000</u>	<u>\$ 749,346</u>	<u>\$ 459,972</u>	<u>\$ 128,575</u>	<u>\$ 300,000</u>	<u>\$ 29,250</u>

Year Ending December 31,	Installment		Total	
	<u>Purchase Agreement</u>		<u>Total</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2005	\$ 56,000	\$ 30,594	\$ 318,070	\$ 152,052
2006	56,000	27,609	328,902	134,198
2007	56,000	24,625	266,000	117,804
2008	56,000	21,640	171,000	106,279
2009	56,000	18,655	176,000	97,759
2010-2014	280,000	48,503	995,000	346,077
2015-2019	28,000	746	763,000	121,674
2020	<u>-</u>	<u>-</u>	<u>160,000</u>	<u>3,700</u>
	<u>\$ 588,000</u>	<u>\$ 172,372</u>	<u>\$ 3,177,972</u>	<u>\$ 1,079,543</u>

NOTES TO FINANCIAL STATEMENTS

December 31, 2004

NOTE F: LONG-TERM DEBT - CONTINUED

During the year ended December 31, 2000, the Township entered into an agreement with the Lansing Board of Water & Light (BWL) transferring ownership of the Water System to the BWL. In return, the BWL has agreed to transfer funds to the Township sufficient to pay the General Obligation Bond liability related to the Water System as it becomes due. Because the Water System debt is no longer intended to be repaid with usage fees generated by the system, the Water Supply System Limited Tax General Obligation Bonds were transferred from the Water System Fund and are recorded on the Statement of Net Assets and a Debt Service fund has been established to account for future debt payments.

NOTE G: RETIREMENT PLAN

TOWNSHIP GENERAL

DeWitt Charter Township is the sponsor of a defined contribution retirement plan for the sole benefit of its employees excluding the supervisory and nonsupervisory police personnel for the Township. The DeWitt Charter Township Pension Plan is a money purchase defined contribution pension benefit plan. Contributions are based on a preestablished wage-based contribution schedule with the Township contributing 100% of the amount. Employees may elect to contribute additional amounts ranging from 1 to 10 percent of their compensation. During the year ended December 31, 2004, DeWitt Charter Township made contributions for all eligible participating employees equal to 10% of their base compensation. To be eligible to participate, an employee must be full-time, eighteen (18) years of age, and have completed six (6) months of services. Elected officials are not required to fulfill the service requirements. The eligibility computation period is the six (6) month period that begins with the date hired.

All eligible employees participate in the plan. The contributions fund the premiums for ordinary life insurance tax deferred annuities and various pooled investment funds with the Manufacturers Life Insurance Company.

For the year ended December 31, 2004, the DeWitt Charter Township had a total payroll excluding the supervisory and nonsupervisory police employees of \$1,198,445. The DeWitt Charter Township Defined Contribution Retirement Plan had a covered payroll of \$1,193,230. DeWitt Charter Township made employer contributions to the retirement plan in the amount of \$119,323.

POLICE

Plan Description

The Township also participates in the Michigan Municipal Employees Retirement System, an agent multiple-employer defined benefit pension plan that covers all supervisory and nonsupervisory Police employees of the Township. The system provides retirement, disability, and death benefits to plan members and their beneficiaries.

The Michigan Municipal Employees Retirement System issues a publicly available financial report that includes financial statements and required supplementary information for the system. That report may be obtained by writing to the System at 1134 Municipal Way, Lansing, MI 48917.

Funding Policy

The obligation to contribute to and maintain the system for these employees was established by negotiation with the Township's collective bargaining units and requires no contribution from the employees. The Township is required to provide amounts necessary to fund the system.

DeWitt Charter Township

NOTES TO FINANCIAL STATEMENTS

December 31, 2004

NOTE G: RETIREMENT PLAN - CONTINUED

Annual Pension Cost

For year ended December 31, 2004, the Township's annual pension cost of \$65,182 for the plan was equal to the Township's required and actual contribution. The estimated annual required contribution was determined as part of an actuarial valuation as of December 31, 2002, using the entry age normal actuarial method. Actual required contributions were based on actual reported monthly payroll. Significant actuarial assumptions used include (a) a rate of return on the investment of present and future assets of 8.0% per year compounded annually, (b) projected salary increases of 4.5% per year compounded annually, attributable to inflation, (c) additional projected salary increases ranging from 0.0% to 4.16% per year, depending on age, attributable to seniority/merit and promotional salary increases and the assumption that benefits will increase 2.5% annually for persons under Benefit E-1 or E-2. The actuarial value of assets was determined using techniques that smooth the effects of short term volatility over a four (4) year period. The unfunded actuarial liability is being amortized as a level percentage of payroll on a closed basis. The remaining amortization period is 30 years.

<u>Three (3) year trend information</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>
Actuarial value of assets	\$ 879,745	\$ 959,006	\$ 1,102,683
Actuarial Accrued Liability (entry age)	1,106,774	1,158,830	1,415,194
Unfunded AAL	227,029	199,824	312,511
Funded ratio	80 %	83 %	78 %
Covered payroll	674,615	614,120	713,341
UAAL as a percentage of covered payroll	34 %	33 %	44 %
Annual pension cost	10,258	140,967	65,182
Percentage of APC contributed	100 %	100 %	100 %
Net pension obligation	-	-	-

This trend information was obtained from the most recently issued actuarial reports.

NOTE H: RISK MANAGEMENT

The Township carries commercial insurance for the risk of loss due to workers' compensation claims.

The Township also participates in a State pool, the Michigan Municipal Risk Management Authority, with other municipalities for property and casualty losses. The pool is organized under Public Act 138 of 1982, as amended. The Township has no liability for additional assessments based on the claims filed against the pool nor do they have any right to dividends.

NOTE I: FUND EQUITY RESERVES AND DESIGNATIONS

Reserved fund balances are used to earmark a portion of fund equity to indicate that it is not appropriate for expenditures or has been legally segregated for a specific future use. Designated fund balance indicates that portion of the fund balance which the Township has set aside for specific purposes.

The following are the various fund balance reserves as of December 31, 2004:

General Fund	
Reserved for future expenditures	\$ 9,334

DeWitt Charter Township
NOTES TO FINANCIAL STATEMENTS
December 31, 2004

NOTE I: FUND EQUITY RESERVES AND DESIGNATIONS - CONTINUED

Debt Service Funds	
1998 G.O. Bonds	
Reserved for debt service	\$ 2,073
Water System Bonds	
Reserved for debt service	<u>3,909</u>
	<u>5,982</u>
 TOTAL PRIMARY GOVERNMENT	 <u>\$ 15,316</u>

The following are fund balance designations as of December 31, 2004:

General Fund	
Designated for fire equipment	\$ 159,140
Designated for police equipment	<u>30,000</u>
	<u>\$ 189,140</u>

The following is a net assets designation as of December 31, 2004:

Enterprise Funds	
Sewer System	
Designated for sewer improvements	<u>\$ 1,400,000</u>

NOTE J: RESTRICTED NET ASSETS

Restrictions of net assets shown in the Government-wide financial statements indicate that restrictions imposed by the funding source or some other outside source which precludes their use for unrestricted purposes. The following are the various net asset restrictions as of December 31, 2004:

Governmental activities	
Other Purposes	
Street lighting	\$ 147,848
Drug law enforcement	<u>7,432</u>
	<u>\$ 155,280</u>
 Debt Service	
Remy Chandler	\$ 3,941
1998 G.O. Bonds	2,073
Water System Bonds	<u>3,909</u>
	<u>\$ 9,923</u>

REQUIRED SUPPLEMENTARY INFORMATION

DeWitt Charter Township

General Fund

BUDGETARY COMPARISON SCHEDULE

Year Ended December 31, 2004

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
REVENUES				
Taxes				
Current property taxes				
General	\$ 1,367,740	\$ 1,367,740	\$ 1,359,349	\$ (8,391)
Police	341,660	341,660	339,544	(2,116)
Fire	341,660	341,660	339,544	(2,116)
Other	45,000	45,000	64,102	19,102
Delinquent property taxes	6,000	6,000	13,218	7,218
Tax collection fees	34,500	34,500	33,638	(862)
Trailer taxes	5,500	5,500	6,335	835
Total taxes	2,142,060	2,142,060	2,155,730	13,670
Licenses and permits				
Building and zoning permits	211,500	211,500	195,748	(15,752)
Franchise fees	115,000	115,000	133,434	18,434
Total licenses and permits	326,500	326,500	329,182	2,682
Intergovernmental				
State shared revenue	1,015,000	1,015,000	919,544	(95,456)
Fire equipment grant	-	-	32,591	32,591
Liquor licenses	6,000	6,000	7,521	1,521
Total intergovernmental	1,021,000	1,021,000	959,656	(61,344)
Charges for services				
Administration charges	116,000	116,000	116,000	-0-
Court fees	70,000	70,000	47,136	(22,864)
Inspection fees	110,000	110,000	116,788	6,788
Building registration fees	2,000	2,000	2,534	534
Park fees and programs	7,000	7,000	10,877	3,877
Cemetery lots and grave openings	18,000	18,000	17,901	(99)
Fire runs and protection	1,600	1,600	6,108	4,508
Police fees - OUIL recovery	9,000	9,000	5,600	(3,400)
Alarm ordinance revenue	-	-	1,715	1,715
Total charges for services	333,600	333,600	324,659	(8,941)
Interest and rents				
Interest - regular	60,000	60,000	60,828	828
Interest - tax collections	3,000	3,000	3,495	495
Rental fees	36,600	36,600	37,320	720
Total interest and rents	99,600	99,600	101,643	2,043

DeWitt Charter Township

General Fund

BUDGETARY COMPARISON SCHEDULE - CONTINUED

Year Ended December 31, 2004

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
REVENUES - CONTINUED				
Other				
Reimbursements	\$ 120,000	\$ 120,000	\$ 129,063	\$ 9,063
Special assessments	143,500	143,500	-	(143,500)
Other sales	15,000	15,000	6,346	(8,654)
Total other	278,500	278,500	135,409	(143,091)
TOTAL REVENUES	4,201,260	4,201,260	4,006,279	(194,981)
EXPENDITURES				
General government				
Township board	28,100	29,600	29,552	48
Supervisor	18,485	18,485	17,863	622
Township manager	172,250	172,250	169,214	3,036
Elections	24,950	24,950	24,931	19
Assessor	155,528	155,528	144,687	10,841
Clerk	125,612	125,612	118,176	7,436
Board of Review	1,829	1,829	933	896
Treasurer	130,615	130,615	127,878	2,737
Building and grounds	236,150	236,150	229,781	6,369
Community center	29,800	29,800	19,196	10,604
Township hall	284,130	284,130	263,246	20,884
Other	123,500	123,700	51,150	72,550
Total general government	1,330,949	1,332,649	1,196,607	136,042
Public safety				
Police department	1,306,650	1,306,650	1,130,913	175,737
Fire department	357,802	357,802	337,459	20,343
Total public safety	1,664,452	1,664,452	1,468,372	196,080
Public works				
Drains	150,350	150,350	10,598	139,752
Highways and streets	72,500	84,500	81,945	2,555
Total public works	222,850	234,850	92,543	142,307
Community and economic development				
Building and zoning	252,486	263,486	259,916	3,570
Planning department	202,370	202,370	191,386	10,984
Total community and economic development	454,856	465,856	451,302	14,554

DeWitt Charter Township

General Fund

BUDGETARY COMPARISON SCHEDULE - CONTINUED

Year Ended December 31, 2004

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
EXPENDITURES - CONTINUED				
Recreation and cultural				
Parks and recreation	\$ 92,000	\$ 92,000	\$ 87,861	\$ 4,139
Debt service	89,579	89,579	89,567	12
Capital outlay	576,835	721,835	642,228	79,607
TOTAL EXPENDITURES	4,431,521	4,601,221	4,028,480	572,741
EXCESS OF REVENUES (UNDER) EXPENDITURES	(230,261)	(399,961)	(22,201)	377,760
OTHER FINANCING SOURCES (USES)				
Proceeds from sale of capital assets	5,000	5,000	2,223	(2,777)
Operating transfers out	(154,117)	(154,117)	(153,816)	301
TOTAL OTHER FINANCING SOURCES (USES)	(149,117)	(149,117)	(151,593)	(2,476)
EXCESS OF REVENUES AND OTHER FINANCING SOURCES (UNDER) EXPENDITURES AND OTHER FINANCING USES	(379,378)	(549,078)	(173,794)	375,284
Fund balances, beginning of year	1,993,437	1,993,437	1,993,437	-0-
Fund balances, end of year	<u>\$ 1,614,059</u>	<u>\$ 1,444,359</u>	<u>\$ 1,819,643</u>	<u>\$ 375,284</u>

OTHER SUPPLEMENTARY INFORMATION

DeWitt Charter Township
Nonmajor Governmental Funds
COMBINING BALANCE SHEET
December 31, 2004

	Special Revenue		
	Police Training	Street Lighting	Drug Forfeiture
ASSETS			
Cash and cash equivalents	\$ 3,890	\$ 34,357	\$ 7,432
Special assessments receivable	-	68,700	-
Due from other funds	-	62,089	-
TOTAL ASSETS	<u>\$ 3,890</u>	<u>\$ 165,146</u>	<u>\$ 7,432</u>
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Accounts payable	\$ -	\$ 10,627	\$ -
Due to other funds	-	6,671	-
Deferred revenue	-	-	-
TOTAL LIABILITIES	-0-	17,298	-0-
FUND BALANCES			
Reserved for debt service	-	-	-
Unreserved - undesignated	<u>3,890</u>	<u>147,848</u>	<u>7,432</u>
TOTAL FUND BALANCES	<u>3,890</u>	<u>147,848</u>	<u>7,432</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 3,890</u>	<u>\$ 165,146</u>	<u>\$ 7,432</u>

Debt Service			Total Nonmajor Governmental Funds
Remy Chandler	1998 G.O. Bonds	Water System Bonds	
\$ 3,941	\$ 2,073	\$ -	\$ 51,693
15,200	-	-	83,900
16,100	-	3,909	82,098
<u>\$ 35,241</u>	<u>\$ 2,073</u>	<u>\$ 3,909</u>	<u>\$ 217,691</u>
\$ -	\$ -	\$ -	\$ 10,627
-	-	-	6,671
31,300	-	-	31,300
31,300	-0-	-0-	48,598
-	2,073	3,909	5,982
3,941	-	-	163,111
3,941	2,073	3,909	169,093
<u>\$ 35,241</u>	<u>\$ 2,073</u>	<u>\$ 3,909</u>	<u>\$ 217,691</u>

DeWitt Charter Township

Nonmajor Governmental Funds

COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES

Year Ended December 31, 2004

	Special Revenue		
	Police Training	Street Lighting	Drug Forfeiture
REVENUES			
Intergovernmental	\$ 2,934	\$ -	\$ -
Fines and forfeits	-	-	5,159
Interest	8	679	40
Other	-	127,584	-
TOTAL REVENUES	2,942	128,263	5,199
EXPENDITURES			
Current			
Public safety	5,007	-	3,019
Public works	-	127,254	-
Debt service	-	-	-
TOTAL EXPENDITURES	5,007	127,254	3,019
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(2,065)	1,009	2,180
OTHER FINANCING SOURCES			
Operating transfers in	-	-	-
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES	(2,065)	1,009	2,180
Fund balance, beginning of year	5,955	146,839	5,252
Fund balance, end of year	\$ 3,890	\$ 147,848	\$ 7,432

Debt Service			Total Nonmajor Governmental Funds
Remy Chandler	1998 G.O. Bonds	Water System Bonds	
\$ -	\$ -	\$ 112,309	\$ 115,243
-	-	-	5,159
9	12	-	748
266	-	-	127,850
275	12	112,309	249,000
-	-	-	8,026
-	-	-	127,254
160	154,116	111,026	265,302
160	154,116	111,026	400,582
115	(154,104)	1,283	(151,582)
-	153,816	-	153,816
115	(288)	1,283	2,234
3,826	2,361	2,626	166,859
\$ 3,941	\$ 2,073	\$ 3,909	\$ 169,093

DeWitt Charter Township

General Fund

SCHEDULE OF REVENUES AND EXPENDITURES - CONSTRUCTION CODE

Year Ended December 31, 2004

REVENUES

Licenses and permits	
Building and zoning permits	\$ 195,748
Charges for services	
Inspection fees	116,788
Building registration fees	<u>2,534</u>
 Total construction code revenues	 315,070

EXPENDITURES

Community and economic development	
Building and zoning	259,916
Planning Department	<u>191,386</u>
 Total construction code expenditures	 <u>451,302</u>
 Current year excess of revenues (under) expenditures	 (136,232)
 Prior years' excess of revenues (under) expenditures	 <u>(126,417)</u>
 Cumulative excess of revenues (under) expenditures	 <u><u>\$(262,649)</u></u>

Principals

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Michael T. Gaffney, CPA
Steven R. Kirinovic, CPA
Aaron M. Stevens, CPA
Eric J. Glashouwer, CPA

Karen A. Roka, CPA
James A. Huguelet, CPA
Alan D. Panter, CPA
William I. Tucker IV, CPA
Kurt M. Lemmen, CPA



ABRAHAM & GAFFNEY, P.C.
Certified Public Accountants

Member:
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and
Michigan Association of
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MANAGEMENT LETTER

To the Members of the Township Board
DeWitt Charter Township
DeWitt, Michigan

Dear Ladies/Gentlemen:

As you know, we recently completed our audit of the records of DeWitt Charter Township, Michigan for the year ended December 31, 2004. In connection with the audit, we feel that certain changes in your accounting and administrative procedures would be helpful in improving management's control and the operational efficiency of the accounting and administrative functions. These suggestions are the result of our evaluation of the internal control and our discussions with management.

1. The Township should ensure all revenues and expenditures are recorded correctly.

We noted during our analytical review procedures that certain revenues were being netted against expenditure line items. This issue has been noted and reported in our audit comments in prior years.

We suggest the Township review this procedure and create separate line items in the general ledger system to track all revenues and expenditures at the gross amount.

2. The Township should comply with the Uniform Chart of Accounts.

In April 2002, the State of Michigan revised the Uniform Chart of Accounts for Counties and Local Units of Government, modifying certain fund numbers and activity classifications. During the course of our audit, we noted that the Township has not implemented various changes required to be in conformity with the Uniform Chart of Accounts.

We understand the Township is considering implementing new accounting software in the near future. We suggest that if/when a conversion of the accounting information to a new system takes place that the Township also implement the necessary changes to the chart of accounts so that it conforms with the Uniform Chart of Accounts for Counties and Local Units of Government in Michigan.

3. The Township should review their investment portfolio to assure that all investments are allowed by Michigan Compiled Law.

During our analysis of investment accounts, we noted that some of the investments in the Oppenheimer accounts as of December 31, 2004 included mortgage backed securities with financial institutions that did not appear to have either a principal or branch office in the State of Michigan.

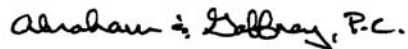
Michigan Public Act 196 and the Township investment policy require that financial institutions have a principal or branch office in the State of Michigan.

We suggest the Township assure that all financial institutions that hold Township investments are aware of State statutes and Township policies prior to authorizing purchases of investments.

These conditions were considered in determining the nature, timing, and extent of the audit tests to be applied in our audit of the financial statements and this report does not affect our report on the financial statements dated March 11, 2005.

This report is intended solely for the information of the Township Board of DeWitt Charter Township, Michigan and is not intended to be and should not be used by anyone other than these specified parties.

We wish to express our appreciation for the courtesy and cooperation extended to us during our audit. We are available to discuss any or all of these conditions with you and to provide assistance in the implementation of improvements.



ABRAHAM & GAFFNEY, P.C.
Certified Public Accountants

March 11, 2005

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REPORT ON INTERNAL CONTROL

Members of the Township Board
DeWitt Charter Township
DeWitt, Michigan

We have audited the financial statements of DeWitt Charter Township, Michigan as of and for the year ended December 31, 2004 and have issued our report thereon dated March 11, 2005.

In planning and performing our audit of the financial statements of DeWitt Charter Township for the year ended December 31, 2004, we considered its internal control in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control.

The management of DeWitt Charter Township is responsible for establishing and maintaining an internal control. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of internal control policies and procedures. The objectives of an internal control are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in accordance with accounting principles generally accepted in the United States of America. Because of inherent limitations in any internal control, errors or irregularities may nevertheless occur and not be detected. Also, projection of any evaluation of the structure to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the effectiveness of the design and operation of policies and procedures may deteriorate.

We noted certain matters involving the internal control and its operation that we consider to be reportable conditions under standards established by the American Institute of Certified Public Accountants. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control that, in our judgment, could adversely affect the Township's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements. We noted the following reportable conditions.

ALL FUND ACTIVITIES SHOULD BE MAINTAINED ON THE COMPUTERIZED GENERAL LEDGER

Currently, the Township maintains on manual ledger sheets the cash receipts and cash disbursements for the Drug Forfeiture Fund. These records only identify the date, the description of payee or remitter, check or receipt numbers, and amounts. The sheets are summarized on a monthly basis and posted to sheets established to maintain the activity of the cash balances for these funds. This provides a reasonable level of control over the cash associated with this fund, but does not provide the control over all accounts and the efficiency that would be provided by a computerized double entry accounting system. This issue was noted and reported in our audit comments last year.

We recommend the Township establish various accounts on the computerized general ledger for the Drug Forfeiture Fund in an effort to begin utilizing the computerized accounting system to achieve better internal control and efficiency.

This report is intended solely for the information and use of management and the City Council and is not intended to be, and should not be, used by anyone other than these specified parties.

Abraham & Gaffney, P.C.

ABRAHAM & GAFFNEY, P.C.
Certified Public Accountants

March 11, 2005